GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:755
ANSWERED ON:04.03.2005
GROWTH PROJECTION FOR THE NEXT YEARS 10 YEARS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government propose to pursue an investment led growth policy in the coming years to sustain 7-8 per cent economic growth, following a 26.9 per cent jump in investment proposals till October, 2005;

(b) if so, the details thereof; and

(c) the efforts made by the Government to achieve the high growth by bringing investment?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a), (b) & (c) The Tenth Five Year.Plan (2002-07) which aims at achieving an average GDP growth of 8 percent per annum has put the average investment requirement at 28.4 percent of GDP involving a sharp acceleration in the investment rate from 24.4 percent in the base year to 32.3 percent in the terminal year of the Plan. According to the Ministry of Commerce and Industry, the industrial investment proposals comprising Industrial Entrepreneurs` Memorandum, Letters of intent and Direct Industrial Licences during 2004 (January to October) amounted to Rs.2,22,071 crore compared to Rs.66,005 crore during same period in 2003. This suggests a perceptible improvement in the overall investment climate.

The Government has initiated various measures for increased investment in agriculture, operationalisation of Fiscal Responsibility and Budget Management Act, enhanced public investment, promotion of public-private partnership for infrastructure development and liberalisation of Foreign Direct Investment (FDI) policy. Budget 2005-06 has proposed enhanced investment for agriculture infrastructure, providing and facilitating investment in public goods such as roads, railways, power, seaports and airports and providing a supportive policy environment SHfl Stable ta policies for investment in services sectors. These measures are expected to result in increased investment to achieve higher growth.